



Shovel-ready for poverty eradication or just building roads? President Michel Martelly poses with EU Development Commissioner Andris Piebalgs to start work on the third leg of the EU-funded National Route 3 from Hinche to Cap Haitien. Source: Michel Martelly Facebook page

EU Development – the Real Road to Poverty Reduction

Wanted: An Agenda for Change

The report slipped out almost unnoticed and it is still hard to find (see http://www.europarl.europa.eu/meetdocs/2009_2014 under Meeting Documents 20/03/12). But the untitled document, the product of a four-day trip to Haiti by five MEPs on the Budgetary Control Committee of the European Parliament (EP) makes recommendations – some would say demands – that get to the heart of EU development policy flaws in Haiti.

No one, least of all the European Commission (EC), responsible for development aid in Haiti through its Development and Co-operation Directorate General – EuropeAid (DG DEVCO) expected the

report to see the light of day. “It should not have been published,” insisted one EC civil servant working on Haiti. As for a response: “It doesn’t merit one.”

So what in the report so antagonised the EC? First and foremost the MEPs want real information and real accountability. The report reiterated a demand made weeks before they left for “a list of projects that have been carried out during the last 15 years in Haiti with a detailed assessment of their current situation.”

The fact is that the report emerges into an information vacuum. There has been no overall evaluation of European Union (EU) development spending in Haiti for more

than 15 years. The 114 EU individual development projects and programmes currently listed on the website of the EU Delegation in Port-au-Prince have no more than a name, value and a brief, perfunctory description.

Yet this constitutes “a comprehensive overview of programmes,” according to EU Development Commissioner, Andris Piebalgs whose three-page letter to the MEPs is their only response to the report to date. “Results matter. That’s a fact,” as Piebalgs has asserted repeatedly of EU development aid spending. And results, in the form of EU evaluation, assessment and impact reports, are exactly what is missing in Haiti.

We certainly do not know what Brussels thinks it is achieving in Haiti. But does the EU itself? “You can’t publish what you don’t have. You don’t publish what you know is inadequate,” says one development assessment specialist who has dealt with the EU Delegation in Port-au-Prince for many years.

For years, officials at the EU Delegation in Port-au-Prince have complained about an inability to do basic tasks as staff levels have plummeted and key posts remained unfilled. The irony is beyond measure in a country where the lack of capacity of the Haitian government to administer projects, provide

continued on page 2 ►



"Frankly, it was the EU, not us, that chose roads..." Price Pady, Haiti's National Authorising Officer and João de Santana, the EU's Chief of Operations in Port-au-Prince, in frank conversation with the visiting MEPs in February.

EU Proposes New Role for CSOs

Watchdog CSOs: Wishful Thinking or Be Careful What You Wish For?



Bark and Bite. Civil Society Organisation (CSO) leaders meet the MEPs in Haiti. The European Commission says it wants CSOs to play a watchdog role, "not just of their own governments but also of us".

Agenda for Change, the EU's blueprint for a development policy overhaul, proposes to put Civil Society Organisations (CSOs) centre stage. "Traditionally we have worked with NGOs for service delivery. That remains very important... but we should move on..." says Kristian Schmidt, Director of Human and Society Development in the EU's Development and Co-operation Directorate General-EuropeAid (DG DEVCO).

"We should also work with NGOs to scrutinise what we do – to help keep governments accountable on the effectiveness of the aid so CSOs can play a role more of 'watchdogs'; not just of their own government but also of us, the European Commission."

Wishful thinking or be careful what you wish for? Perhaps both.

Schmidt was apparently using the terms

NGO – Non-Governmental Organization – and CSO interchangeably. In Haiti, NGO tends to refer to foreign development organisations, whereas CSOs, essentially domestic, occupy a broader field, covering everything from grassroots service providers to think-tanks. Many are actually funded by NGOs. These CSO 'partners,' are designed to work for change – organising, advocating, constructing people-centred, poverty-fighting development.

It is this expertise and organisation that Schmidt wants to tap into to deliver *Agenda for Change*. "The advice that I would give my colleagues in Delegations is to get out of the office and meet with civil society," he said, opening an EU-CSO consultation in Brussels in May. "My advice to civil society is the same: be more assertive and you will find Europe on your side."

Whilst this new orientation is something HSG welcomes and applauds in principle, there are at least three obvious potential problems with the practice.

First: what is 'civil society' in Haiti? For us, it means the progressive forces living progressive politics. However, as donors like the EU have placed more emphasis on civil society, and increasingly made sizeable funds available to them, various business and private sector groups have effectively co-opted the term. For 'inclusion', a key concept in the EU's *Agenda for Change* to have any real meaning, a preferential option for those so far excluded from debate, discussion and decisions must be a priority.

Change could start immediately. The EU delegation in Port-au-Prince claim they are already consulting with civil society on their budget ne-

gotiations with the government. Closer examination reveals this to be with the Civil Society Initiative (ISC), an umbrella group of private business interests. "It's hardly ideal," as one member of the EU Delegation readily admitted to us.

Second: will this consultation be meaningful or is it just another "tick-box" exercise? One reason progressive CSOs have largely given up on engaging with major international donors such as the EU is that they feel their views and solutions, all based on real experience on the ground rather than theory from head office, have been ignored.

"We believe they have demonstrated that they only want to hear from those they agree with," says Antonal Mortimé of the Haitian Human Rights Platform, POHDH, who as recently as May tried to lead a CSO group to the EU dele-

gation in Port-au-Prince. As it reaches out, the EU is going to find that trust among many CSO leaders is non-existent.

Third: is the level of EU expectation unrealistic and is scapegoating a likely result? In Haiti, in particular, there is a sense that CSOs are being asked to do what the EU has failed to do: take on the power of the nebulous networks resisting change (see main story) by articulating and advocating the anti-poverty, pro-inclusion vision they espouse. If the CSOs are being set up, will they be blamed for any failure to produce progress where there has been so little to date?

Some CSO leaders suspect they will eventually find themselves in the firing line – literally – for just advocating more vociferously what others in the EU Delegation say they support and have much greater facility and freedom to shout about. Some see a cynical motive

in insisting that CSOs become the watchdogs and agents of change that they believe the EU itself has failed to be. If this is the ultimate in political contracting out, could CSOs become the ultimate scapegoats?

To be fair to the EU, their new vision does recognise that CSOs need more training and capacity – needs that actually apply equally to EU personnel themselves. Again, that need has at least been recognized. In the past two months, CSO liaison officers from 118 EU Delegations have done their own training course on engaging with civil society, in Brussels. That followed an on-line EU civil society Consultation questionnaire that served to illustrate the gulf between expectation and reality. No CSOs we know in Haiti would have had the time, facility or capacity to complete it. There's a long way to go.

► from page 1

data and meet conditions, is a constant complaint of donors.

The demand for detailed assessments was all part of a much broader critique of accountability and transparency by the MEPs, who concluded that: "control systems where EU funds are spent via government channels in Haiti are in general inadequate and accounting for EU spending remains on an unacceptable level." Again, transparency and accountability are, of course, key EU demands of the Haitian government.

But it was on the crucial issue of housing that the MEPs were most insistent on using the leverage of EU aid. Noting that despite 18 ministers and 19 Secretaries of State, "no one is in charge of housing," the report's fourth recommendation urges the Haitian authorities "to work out a comprehensive strategy/action plan for (social) housing." The MEPs conclude that should this not happen: "EU support to the Haitian State would need to be reduced or even discontinued."

Practice, Potential, Potholes

Why does all this matter? Firstly the EU is the biggest single aid donor

in Haiti. However, by its own admission, it is not the best at realising its primary objective, "the reduction and, in the long term, the eradication of poverty" as enshrined in the Lisbon Treaty (Article 208).

At the post-earthquake Donor's Conference in New York on March 31, 2010, the EU pledged €522m. Much of this was humanitarian aid, administered by its own separate directorate and EU Commissioner. However, the development aid budget administered by DG DEVCO and Commissioner Piebalgs, is even more significant in Haiti, totaling some €753m for the current EU development budget period (2007-2013)

Some €281.5m or 37.4% of current EU development aid in Haiti, goes on major infrastructure – mostly primary roads. What is classified as continuing humanitarian aid and civil protection accounts for another €157.5m (20.9%), with general budget support for the Haitian government, mostly for the provision of essential public services, accounting for a further €143.8m (19.1%).

Much less is spent on programmes most likely to directly re-

duce poverty. Among others, these include food security and rural development, which accounts for €40m, or 5.3% of the total. Decentralisation and local government, much of which is public service provision, gets a further €38.85m (5.1%) while civil society initiatives and capacity development receives €27m or 3.6% of the total budget.

The EU's main poverty-reduction litmus test for its spending in Least Developed Countries (LDCs) like Haiti are the UN's eight Millennium Development Goals (MDGs). Set in 2000, to be achieved by 2015, Haiti is, according to the UN, "off track" on four of those goals, including the reduction of child mortality by two-thirds and maternal mortality by three-quarters. The country cannot, for want of data, even be assessed on two other objectives.

One of those is the crucial "eradication of extreme poverty and hunger" goal, which includes halving the proportion of people suffering from hunger and living on US\$1 a day. But while the UN says it cannot make a judgment, in December 2011, the EU made its own, awarding an emergency €20m

to Haiti, to "ensure better access to food for the poorest households". The spending is designed to stimulate local agricultural production by encouraging school canteens to buy locally-produced food, building new food storage facilities and repairing irrigation systems.

This is exactly the kind of EU spending that HSG and others will be lobbying hard to boost substantially as negotiations on the priorities for the next EU spending cycle – for 2014-20 – get underway. It also poses the obvious question: if poverty reduction is the aim, why is there not much more such spending in the EU's regular budget?

Going Places or Road to Nowhere?

The theory is that the EU, a big player with big budgets, should do major infrastructural development, and in the carve-up of specialties between major funders, the EU chose primary roads. How much say the Haitian government had is another matter. The EU insists roads were Port-au-Prince's choice. Price Pady, Haiti's National Authorising Officer for one major EU budget line, disagrees.

"Frankly, it was the EU, not us, that chose roads as the focus," says

Pady. In July 2010, Irchard Razaaly, France's Permanent Representative to the EU in Brussels confronted the EC Haiti Desk officer when she repeated the official mantra at a meeting attended by HSG. "You always say the local government chose roads as a priority," he claimed. "Somehow they do that in every country you work in."

In fact, the emphasis on roads reflects some evolution in development thinking in Haiti in recent years: namely that much more public investment is a prerequisite for real private investment – foreign or domestic. That thinking, whilst valid in itself, needs a reality check. EU development spending in Haiti is as much about contracts for EU companies and consultants (see *Haiti Briefing* No 69) as development. Anyone who can afford to travel in Haiti benefits, but many of those most in need of the poverty reduction that is the declared aim cannot and many of them live nowhere near a road.

Better roads are not a one-way street. "Roads can open up areas, swamping local agriculture, stimulating tree felling for charcoal," says Gotson Pierre of *Alterpresse*, the leading alternative press outlet

in Haiti. "New roads can reverse decentralisation if not built within an integrated development plan. Jobs and people go to the city in greater numbers, while imported foodstuffs come in."

The dilemma demonstrates the huge counter-productive risk of a piecemeal development vision. Address one problem in relative isolation and you can create or fuel many more, undermining core objectives in the process. What is true at national level is equally true at international level. Any poverty reduction success can be completely negated and reversed by the broader impact of other, 'non-development' EU policies.

The enforced opening up of markets to European exports as part of EU trade policy is one obvious example. A somewhat misnamed European Partnership Agreement (EPA) is a classic case. It would open Haitian markets to European goods in exchange for opening European markets to a country which exports almost nothing. EPAs epitomise the push to promote competition rather than co-operation, and worse still, to use 'development' as a façade for doing so.

Under the Lisbon Treaty, the

EU has a legal responsibility to ensure its policies in agriculture; trade, energy, climate change and tax have no negative impact on development objectives. The problem is that with no evidence that they have actually assessed the impact of their own projects, what chance is there that the EU Delegation in Haiti will manage a much broader, far more complicated policy impact assessment?

Budget Support: Leverage Please!

A large proportion of EU aid (19.1%) in all sectors is channelled through the Haitian government in what is known as budget support. The EU is not the only international donor to provide budget support, but it is by far the largest. Budget support has come under attack in places like Haiti where performance controls are considered weak, and graft and corruption in government, pervasive. Opponents argue that it encourages benefit-seeking instincts and reduces the incentive to raise taxes.

On balance, HSG considers budget support the best option, given the experience of the main alternative – bypassing the Haitian

government to channel funds through NGOs. We believe the only way Haitians can hope to work towards real public accountability is by the disbursement of donor funds through Haitian ministries and institutions, within a coherent, coordinated, and consensual, national development plan.

The argument that the weakness and corruption in Haitian ministries make this impossible is a self-fulfilling prophecy. No other form of aid gives donors as much leverage to wage war on corruption, improve delivery and effect the changes they proclaim they want. The only certain way to build capacity in government ministries is to pass money – and responsibility – through them.

The real question is not 'yes' or 'no' to budget support but whether the leverage it imparts is being fully utilised and, if so, to what end? How can we, who pay for such budget support as EU taxpayers, demand the accountability, transparency and impact assessments of its use from the EU at our end that Haitian civil society organisations (CSOs) are being asked to demand by the EU itself at theirs?

continued on back page ►

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► from page 3

There is plenty of evidence that the EU is far too timid on this. The creation of an EU foreign policy arm, the European External Action Service (EEAS) under Catherine Ashton, with a key role in the strategic planning of aid as part of its overall responsibility for the coherence of all EU external action, makes this even less acceptable. Political leverage is now the context in which DG DEVCO operates. The question is: for whose political benefit will such leverage be applied, the powerful or the poor?

Some evidence of a narrow definition of their security brief and a broad definition of the EU's foreign policy as political-economic self-interest, has led many EU watchers to damn the EEAS for marginalising poverty reduction as part of a general failure to integrate development policy into its agenda at all.

Conversations at the EU Delegation in Port-au-Prince in April make it clear that "political stability" is the working definition of security in Haiti. The result is predictable: the status quo rules – quite literally. "As you know this country is governed by networks, not ministers," says João de Santana, the Chief of Operations at the EU Delegation in Haiti. "You never know who you are talking to. As soon as you think you have got a grip on something or someone, it all slips through your fingers."

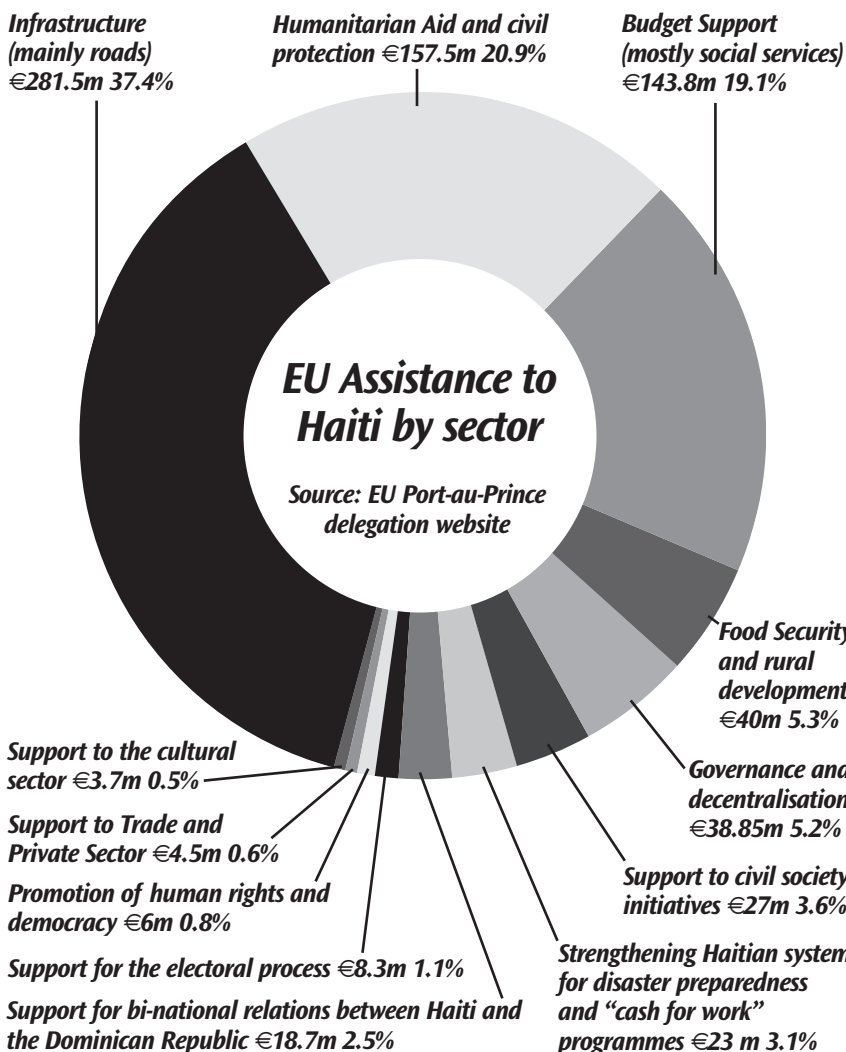
Quite so. But failure to identify and confront the power of such networks, and indeed, the frequent reinforcement of them by means of concessions and contracts, has been a key reason for the lack of real change in Haiti for decades. Complicity and co-option rather than cold-shoulder and confrontation with those opposing even marginal pro-poor change has been too common for too long.

"I think the European Union is far too shy about putting pressure on governments," says Dutch MEP, Thijs Berman, the EP's Special Rapporteur on the EU's main development fund, the Development Corporation Instrument (DCI). "Where is the EU? Where is Catherine Ashton slamming her fist on the table...?"

Complaints, Yes; Change, Maybe

Complaints from MEPs, CSOs, and recipient governments have spurred an aid effectiveness debate in the EU, which, in October 2011, climaxed in the publication of a proposed new policy framework for development from 2014, the year a new EU development budget cycle begins. A Commission Communication, *Increasing the Impact of EU Development Policy: an Agenda for Change*, speaks volumes. "It is," as Andris Piebalgs remarked, "deliberately titled."

Agenda for Change makes all the right noises. There is renewed emphasis on a rights-based approach to basic needs, and access to basic services. Participation,



transparency and accountability all get star mentions. "The promotion of human rights, democracy, the rule of law and good governance and inclusive and sustainable growth are two basic pillars of our policy... they are mutually reinforcing." Civil society is now placed centre stage in ensuring the execution of all this (see inset).

Agenda for Change has been reinforced by a new proposal on the Future of Budget Support. The challenges of "state building" in fragile states, such as Haiti, get real recognition and in a move away from the "one size fits all" approach so criticised to date, introduces the concept of a "differentiated" Budget Support Contract for individual countries.

In the coming months, the EU delegation in Haiti will assess the Haitian government's long-awaited National Strategic Plan to see if its poverty reduction and public investment plans are sufficiently compatible with the new EU policy. Negotiations on the selection of just three priority sectors for EU development spending in Haiti from January 2014 onwards will be part of the process.

In combination, all this represents the best chance for real change in EU development policy in Haiti for decades.

We believe that sustainable, small-scale, subsistence agriculture, the best means of boosting food security, providing employment, restoring the Haitian environment and above all alleviating poverty, not least where it is at its most extreme, in rural areas, could and should become one of the EU's three funding priorities.

The Haitian government which has itself boosted spending on agriculture to 5.6% of the current budget – still less than half what most experts believe it should be – may finally be ready. Price Pady told the MEPs who visited him in February that sustainable agriculture was one of the government's priorities most inadequately funded by the EU at present. "Frankly, the spending is all out of line," he confirmed to HSG.

The next 12 months will be the best chance yet to start ensuring that the EU's promises on poverty and the poor actually become effective policies in practice. To paraphrase a Haitian saying about the constitution, *Agenda for Change* and all the rest is just paper, implementing its words and intent will require steel. The EU has shown little of that to date, but we, like Haitians, are not without hope. We await. ■